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C O N F I D E N T I A L ABUJA 002557

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DEPT FOR INL AND AF

TREASURY FOR OFFICE OF ENFORCEMENT--SHAUN LONERGAN

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SUBJECT: NIGERIA: GON RESPONSE TO FATF CONCERNS

Classified by Ambassador Howard F. Jeter. Reasons 1.5 (b) and (d).

1.(SBU) In June 2002 the Financial Action Task Force (FATF) reviewed Nigeria's one-year status as a "Non-Cooperative Country or Territory (NCCT)" and determined that it had made no significant progress improving anti-money laundering controls. At that time, the FATF publicly noted that the GON had until October 31, 2002 to take significant steps; otherwise, the FATF would ask its members to impose "counter-measures" against Nigeria. We have learned from the U.S. Department of Treasury representative to FATF that the decision to proceed with counter-measures will actually be taken at the October 9 Plenary session of the FATF.

2.(C) On August 28 Ambassador Jeter met with President Obasanjo, alerting him to the possibility of imminent, FATF-directed "counter-measures" against Nigeria failing a discernible, positive response by the GON within the next five weeks. The Ambassador outlined Nigeria's poor record of communication with the FATF Secretariat in Paris and the FATF's Africa and Middle East Review Group (AMERG) based in Rome. Jeter cited successful attempts by the FATF President and the AMERG Chairman to engage the GON in a dialogue. A GON delegation to an AMERG meeting in Rome in December 2001, led by the late Attorney General Bola Ige, had been well received and showed promise of a sustained dialogue leading to reform and averting Nigeria's censure by the FATF. With Ige's death last December, however, the dialogue stopped, leading to the negative finding by the FATF in June 2002.

3.(C) Ambassador Jeter specifically cited a July 11 letter from the FATF President to Obasanjo, which has not yet been answered. Obasanjo said he had not seen the letter but would make sure the mail was answered adequately and quickly. Several times repeating that Nigeria must do all it can to avoid the anathema of FATF sanctions, the President said he would make certain that dialogue with FATF would be resumed by sending current Attorney General Kanu Agabi to Rome within the next two weeks to explain that Nigeria wants to cooperate and that it has a plan of action to enhance anti-money laundering controls. Giving vent to his frustration and continuing political troubles with the National Assembly, the President blamed part of the problem on the failure of the legislature to pass the proposed Financial Crimes legislation that has been languishing in the Assembly for months.

4.(C) In a subsequent meeting the same day with Presidential Permanent Secretary Steven Oronsaye and Presidential Special Assistant for Economic Affairs Obi Ezekwesili, the Ambassador and RNLEO raised the same points in greater detail. Oronsaye and Ezekwesili also said they had not seen the July 11 FATF letter to the President but pledged to respond to it immediately. They also stated the GON would prepare a delegation to visit both the AMERG in Rome and the FATF Secretariat prior to the October 9 session of the FATF

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Plenary in Paris. Ezekwesili stated that she knows the precise concerns of the FATF. Like the President in his meeting with us, she noted that a draft Financial Crimes Bill, which would address much of the FATF's concerns through structural reforms, remained stuck in the National Assembly. However, Ezekwesili expressed confidence that the Presidency could have the Central Bank of Nigeria adopt temporary "circulars" or regulations to tighten reporting on financial transactions as well as impose a greater threat of penalties to banks that fail to report suspicious transactions.

5.(C) Comment: The GON's performance vis-a-vis the FATF has been disappointing. We have repeatedly advised various officials and urged the Government to deal with the FATF and all money laundering issues more efficiently and timely. Now, with the threat of embarrassing and perhaps financially

painful international "counter-measures," the GON seems genuinely concerned and eager to do whatever is necessary to convince the FATF that it wants anti-money laundering reform. President Obasanjo seems to have designated Attorney General Agabi as the Government's point-man on this issue, and the Ambassador will meet Agabi next week. We will find out Agabi's plans at that meeting and continue to press the GON to be responsive to FATF concerns. Ambassador Jeter also briefed Nigeria's National Security Advisor, Aliyu Mohammed, on this issue.

JETER